

From: "Suzanne Yashewski" <syashewski@tcul.coop> on 10/12/2007 05:35:03 PM

Subject: Truth in Lending

October 12, 2007

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC, 20551
VIA E-mail to: regs.comments@federalreserve.gov <
mailto:regcomments@federalreserve.gov>
RE: Docket No. R-1286

Dear Sir or Madam:

The Texas Credit Union League [TCUL] appreciates the opportunity to file comments regarding the proposed changes to Regulation Z's open end lending provisions. The Texas Credit Union League is the official state trade association serving credit unions in Texas. Organized in 1934, the Texas Credit Union League represents approximately 600 not-for-profit Texas credit unions, which in turn are owned by nearly 7 million members. Credit unions are democratically owned not-for-profit cooperatives with a long history of caring about their members. Credit unions strongly support the goal behind the proposal: ensuring that consumers, our members, understand the terms and conditions of their lending documentation. In fact, credit unions have been leaders in fighting for financial literacy in communities across the country.

Although we support the goal in general, TCUL objects to proposed changes to the commentary concerning multi-featured open-end lending programs. We feel the negative effect the proposed changes will have on credit union members outweighs the benefits intended under the proposal. In addition, we also have several suggestions regarding the proposed changes to the forms and disclosures.

Multi-Featured Lending

TCUL respectfully requests that the Fed reject the proposed amendments to its position with regard to the open-end multi-featured loan programs that credit unions offer. The proposed changes would bring an end to what both credit unions and credit union members consider an excellent product which has been a success for over twenty five years.

Credit union members desire the convenience that open-end lending affords. Members have relied on this method of financing their loans without any complaints regarding the adequacy of disclosures. Discontinuing or changing the system would cause major disruptions in credit union operations ultimately hurting the members who are pleased with the current system. Changes would also affect the relationship between credit unions and members when members are inconvenienced or ultimately charged increased costs associated with implementing a new program (change in contracts, revised disclosures, additional paperwork, retraining staff, etc.).

Additionally, if credit unions are forced to switch to closed end lending, compliance with new rules would take considerable time for a credit union to implement.

We understand that the Fed's priority is to ensure that borrowers are properly informed of lending decisions. Credit unions strongly agree with this concept. Credit unions have served as trust worthy lenders throughout time with no history of abuse like payday lenders and others in the financial institutions community. Credit union members receive adequate disclosures under the current plan, evidenced by the fact that there have been no complaints about the current system. We feel that the multi-featured lending

program provides a perfect balance between member convenience and consumer information and disclosures.

If the Federal Reserve decides to go forward with changes to the commentary, TCUL respectfully requests that it consider requiring only that the closed-end disclosures be provided for any credit that is not "self-replenishing"; however, still permitting credit unions to review each advance separately and to proceed with the advance without being required to obtain a signature each time.

Form G-10(B)

TCUL understands the benefit of breaking down different APRs into separate boxes. However, we respectfully request that the final rule permit financial institutions to combine all APR disclosures into one APR box if all applicable APRs are the same.

Form G-17(B)

It appears that the only difference between G-10(B) and G-17(B) is the "Billing Rights" statement added to the end of G-17(B). TCUL suggests making both forms identical so one form can be used to provide disclosures for applications and solicitations as well as at account opening. This would ease the burden on financial institutions while providing all the same benefits to the consumer.

Change in Terms

TCUL supports increasing the amount of time a change in terms notice must be sent prior to the effective date of the change. However, we suggest that the increase be set at 30 days so as to be consistent with Truth in Savings. TCUL requests the elimination of the requirement to send notice 45 days prior to an increase in rates due to delinquency, default, or exceeding the credit limit. These terms and conditions are disclosed to the member earlier in the process and are merely duplicative.

Form G-18(G)

TCUL requests elimination of the requirement to disclose the "effective APR". The effective APR may significantly differ from the APR disclosed to the consumer, causing more confusion for the consumer.

Effective Date

TCUL requests that the mandatory compliance date be set for two years after the Federal Reserve has completed reviewing all sections of Regulation Z (closed end, etc). This will assist credit unions and other financial institutions in making an informed decision on which types of lending to offer, and will give them adequate time to implement changes and train staff on new requirements.

Conclusion

Thank you for the opportunity to comment on this important matter. If you have any questions, please contact Suzanne Yashewski at (512) 853-8516.

Sincerely,

Suzanne Yashewski

VP Regulatory Compliance & Legal Affairs

Texas Credit Union League

(512) 853-8516